LASCO FINANCIAL SERVICES

Everyday Financial Value

YOUR MONEY STORE

LASCO MONEY®

Q3

UNAUDITED QUARTERLY FINANCIAL REPORT

December 2016

LASCO FINANCIAL SERVICES LIMITED
FOR THE 9 MONTHS ENDED 31 DECEMBER 2016

51% increase in third Quarter Profits

The Board of Directors of LASCO Financial Services Limited (LFSL) is pleased to present the company's third quarter unaudited financial results for the 2016/17 financial year.

LFSL's third quarter transactions generated $58.6M more revenues than the corresponding period in 2015 to close the period with $297.6M. This result represents year over year growth of 24.5% and is being driven by our strategy of expansion into new markets and new products. Profit before tax, moved from $49.7M in 2015 to $75.2M, a 51% increase. These results are encouraging and we will continue to create the opportunities to ensure the growth momentum continues.

INCOME STATEMENT HIGHLIGHTS

	3rd Q 2016 $'000	3rd Q 2015 $'000	Percentage change	YTD 2016 $'000	YTD 2015 $'000	Percentage change
TOTAL REVENUE	297,678	239,033	24.5%	830,408	659,361	25.9%
PROFIT BEFORE TAX	75,267	49,774	51.2%	198,586	163,946	21.1%
TAXATION	13,296	5,899	125.4%	36,448	5,899	517.8%
EARNINGS PER STOCK UNIT	$0.0527	$0.0357	47.6%	$0.1301	$0.1287	1.08%
NET PROFIT	61,971	43,875	41.2%	162,138	158,047	2.6%

LFSL closed the financial period with Total Income of $830.4M, representing growth of 26% or $171.1M when compared with the corresponding period of 2015. Income from core business increased by $168.4M, whereas Other Operating Income increased by $2.7M. While income from all services performed well, the fastest growth in revenues is currently being generated by the Loans Division.

Profit before taxation for the nine month period closed at $198.5M; 21% or $34.6M higher than the corresponding period. Net Profit after taxation for the period grew by 2.6% to close the nine months at $162.1M delivering a net profit margin of 19.5%. Our 100% discount on tax expired in October 2015, as such, we only accrued tax for the three month period whereas the taxation accrued in 2016 covered the entire nine month period.

LASCO FINANCIAL SERVICES LIMITED
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With the completion of the roll out of our new branches in the third quarter, we were able to re-launch our services under the LASCO MONEY brand. This campaign comprises an awareness blitz of our three full service locations where customers **can buy money, sell money, borrow money, send money and receive money**. We received good brand rotation towards the end of the third quarter and expect to continue the awareness blitz into the last quarter.

BALANCE SHEET HIGHLIGHTS

	2nd Q 2016 $'000	2nd Q 2015 $'000	Percentage change
CASH & SHORT TERM DEPOSITS	777,428	493,592	57%
TOTAL ASSETS	1,641,496	1,094,911	50%
TOTAL STOCKHOLDER'S EQUITY	1,128,718	938,500	20%

Total assets have increased by $547M or 50%. Loans and receivables also grew by over 50% while Property Plant & Equipment grew by 80%. Despite the investment in property, plants and equipment and the expansion of our loans division, our cash generation continues to be very strong as evidenced by the 50% increase.

We are also pleased to announce that our key employees have exercised a total of 11M shares under the share option plan since the start of the financial year.

Following on the investments in expansion in the first half of the year, we are pleased that we are beginning to see the expected growth from these initiatives. We continue to strengthen our financial foundation as we successfully execute on our strategies and have been delivering annual growth in excess of 20%. These achievements are a combination of the efforts of the Board, Management, staff, agents and special stakeholders for which we express our gratitude. Special thanks to all our customers who continue to support our products. We wish you a productive 2017 and beyond.

JACINTH HALL-TRACEY, MBA, BA (Hons.)
MANAGING DIRECTOR

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 9 MONTHS ENDED 31 DECEMBER 2016

	Note	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
		3 MONTHS ENDED 31 DECEMBER 2016 $'000	3 MONTHS ENDED 31 DECEMBER 2015 $'000	9 MONTHS ENDED 31 DECEMBER 2016 $'000	9 MONTHS ENDED 31 DECEMBER 2015 $'000	12 MONTHS ENDED 31 MARCH 2016 $'000
Trading income		288,246	224,586	794,456	626,152	805,751
Other operating income		9,432	14,447	35,952	33,209	64,258
		297,678	239,033	830,408	659,361	870,009
EXPENSES:						
Administrative and other expenses		(110,065)	(82,418)	(304,959)	(230,353)	(307,261)
Selling and promotion expenses		(110,462)	(106,796)	(323,873)	(264,786)	(341,460)
		(220,527)	(189,214)	(628,832)	(495,139)	(648,721)
PROFIT FROM OPERATIONS		77,151	49,819	201,576	164,222	221,288
Finance cost		(1,884)	(45)	(2,990)	(276)	(318)
PROFIT BEFORE TAXATION		75,267	49,774	198,586	163,946	220,970
Taxation		(13,296)	(5,899)	(36,448)	(5,899)	(17,591)
NET PROFIT FOR THE PERIOD		61,971	43,875	162,138	158,047	203,379
OTHER COMPREHENSIVE INCOME:						
Items that will or may not be reclassified to profit or loss -						
Share Options		1,646	1,037	3,250	3,813	2,834
TOTAL COMPREHENSIVE		63,617	44,912	165,388	161,860	206,213
Number of shares in issue	3	1,254,578	1,230,603	1,254,578	1,230,603	1,229,100
Weighted Average Number of shares in issue	4	1,246,430	1,228,112	1,246,430	1,228,112	1,229,100
Basic Earnings per stock unit	4	$0.0527	$0.0357	$0.1301	$0.1287	$0.1655

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	UNAUDITED DECEMBER 2016 $'000	UNAUDITED DECEMBER 2015 $'000	AUDITED MARCH 2016 $'000
ASSETS				
Cash and cash equivalents		578,560	358,175	334,060
short term deposits		198,868	135,417	130,850
Loans and receivables		636,190	402,634	466,489
Inventories		-	28,737	23,686
Related companies				352
Taxation recoverable		8,136	6,548	6,864
Investment property		115,000	100,000	115,000
Property, plant and equipment		85,758	47,962	57,863
Intangible assets		18,984	15,438	14,435
TOTAL ASSETS		1,641,496	1,094,911	1,149,599
LIABILITIES AND EQUITY				
LIABILITIES:				
Payables		397,432	155,177	138,592
Related companies		2,205	1,234	1,230
Short term loan	5	72,453	-	
Taxation		39,382	-	13,452
Deferred Taxation		1,306	-	1,306
		512,778	156,411	154,580
EQUITY:				
Share capital	3	83,036	53,754	68,535
Share option reserve		6,884	9,920	6,327
Retained earnings		1,038,798	874,826	920,157
		1,128,718	938,500	995,019
TOTAL LIABILITIES AND EQUITY		1,641,496	1,094,911	1,149,599

Approved for issue by the Board of Directors on 1 February 2017 and signed on its behalf by:

Hon. Roald Henriques, O.J., QC
Director

Mrs. Jacinth Hall-Tracey, MBA, BA (Hons.)
Managing Director

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 9 MONTHS ENDED 31 DECEMBER 2016

	Share Capital $'000	Share Option Reserve $'000	Retained Earnings $'000	Total $'000
Balance at 1 April 2015	50,523	6,838	754,973	812,334
Total comprehensive income:				
Net profit		-	158,047	158,047
Other comprehensive income		3,813	-	3,813
	50,523	10,651	913,020	974,194
Transactions with Owners				
Issued shares	2,500			2,500
Transfer from other reserve	731	(731)		-
Dividends paid	-		(38,194)	(38,194)
	3,231	(731)	(38,194)	(35,694)
Balance at 31 December 2015	53,754	9,920	874,826	938,500
Balance at 1 April 2016	68,535	6,327	920,157	995,019
Total comprehensive income:				
Net profit			162,138	162,138
Other comprehensive income		3,250		3,250
	68,535	9,577	1,082,295	1,160,407
Transactions with Owners				
Issued shares	11,808			11,808
Transfer from other reserve	2,693	(2,693)		-
Dividends paid	-		(43,497)	(43,497)
	14,501	(2,693)	(43,497)	(31,689)
Balance at 31 December 2016	83,036	6,884	1,038,798	1,128,718

LASCO FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
AS AT 31 DECEMBER 2016

	UNAUDITED 9 MONTHS ENDED 31 DECEMBER 2016 $'000	UNAUDITED 9 MONTHS ENDED 31 DECEMBER 2015 $'000	AUDITED 12 MONTHS ENDED 31 MARCH 2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit	162,138	158,047	203,379
Items not affecting cash resources:			
Effects of exchange	(1,255)	(7,228)	178
(Gain)/loss on disposal of property, plant and equipment	-	(118)	(165)
Stock options - value of service expensed	3,250	3,813	2,834
Fair value gain on investment property	-	-	(15,000)
Depreciation and Amortisation	10,188	6,565	9,217
Interest income	(9,546)	(9,772)	(10,784)
Interest expense	2,791	-	
Taxation expense	36,448	5,899	16,285
Deferred taxation	-	-	1,306
	204,014	157,206	207,250
Changes in operating assets and liabilities			
Receivables	(185,920)	(50,877)	(112,948)
Related companies	(1,589)	(471)	(827)
Payables	280,396	(50,439)	(62,917)
Inventories	23,687	(28,737)	(23,686)
	320,588	26,682	6,872
Interest paid	(2,791)	-	
Taxation paid	(11,213)	(1,467)	(5,114)
Cash provided by operating activities	306,584	25,215	1,758
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	9,546	9,772	10,784
Acquisition of intangible asset	(8,953)	(1,803)	(1,803)
Additions to property, plant and equipment	(32,760)	(24,059)	(35,609)
Proceeds from disposal of property, plant and equipment	-	288	335
Short term deposits	(68,018)	58,425	62,992
Cash (used in)/provided by investing activities	(100,185)	42,623	36,699
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan received	90,534	-	-
Loan repaid	(18,081)	-	-
Issued shares	14,602	2,500	14,667
Dividends paid	(43,497)	(38,194)	(38,195)
Cash provided by/(used in) financing activities	43,558	(35,694)	(23,528)
NET INCREASE IN CASH AND CASH EQUIVALENTS	249,957	32,144	14,929
Effects of exchange rate translation on cash and cash equivalents	(5,457)	7,228	328
Cash and cash equivalents at beginning of period	334,060	318,803	318,803
CASH AND CASH EQUIVALENTS AT END OF PERIOD	578,560	358,175	334,060

1. IDENTIFICATION AND PRINCIPAL ACTIVITY:

(a) LASCO Financial Services Limited ("the Company") is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 27 Red Hills Road, Kingston 10. The company is listed on the Junior Market of the Jamaica Stock Exchange.

(b) The principal activities of the company are:

- The company is a licenced Cambio dealer regulated by the Bank of Jamaica. The Cambio facilitates the sale and purchase of foreign currencies.

- The provision of services as an agent of MoneyGram International Money Transfer which is a Remittance company facilitating person to person transfers for a fee, in accordance with licenses issued by the Bank of Jamaica.

- The rental of properties.

- The granting of loans for personal and business purposes. By Order dated 10 March 2016, the company received an exemption from the provisions of the Money Lending Act by the Minister of Finance for one year from 21 March 2016, renewable annually

(c) LASCO Financial Services (Barbados) Limited is a 100% owned subsidiary of the company. LASCO Financial Services (Barbados) Limited is incorporated in Barbados under the Companies Act Cap.308 of the Laws of Barbados.

The company and its subsidiary are referred to as "the Group".

2. BASIS OF PREPARATION:

These unaudited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board, and have been prepared under the historical cost convention. They are also prepared in accordance with provisions of the Jamaican Companies Act and as set out in note 3 of the audited financial statements as at 31 March 2016.

3. SHARE CAPITAL:

Authorised –
1,961,200,000 (2015 – 1,961,200,000) Ordinary shares of no par value

	2016 $'000	2015 $'000
Stated capital, issued and fully paid - 1,254,577,724 (2015 - 1,230,602,990) Ordinary shares of no par value	83,036	53,754

4. EARNINGS PER STOCK UNIT:

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue at the end of the period

	2016	2015
Net profit attributable to stockholders ($'000)	162,138	158,047
Weighted average number of ordinary stock units ('000)	1,246,430	1,228,112
Basic earnings per stock unit	$0.1301	$ 0.1287

5. SHORT-TERM LOAN

On 28 December 2015, the company entered into an agreement with the Development Bank of Jamaica Limited (DBJ) under its Micro Finance Institution loan facility, for $100,000,000 line of credit. Proceeds from the facility is currently being used by the company to finance loans to persons or entities involved in the Micro Enterprise Sector.